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SENSITIVE  
SIPDIS

STATE FOR NEA/ELA, EBB/TPP, EBB/IFD  
USDA FOR FAS CJACKSON AND MHOUSE  
USTR FOR FRANCESKI  
COMMERCE FOR 4520/ITA/ANESA/OBERG  
ROME FOR FAO

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TAGS: [ECON](#) [ETRD](#) [EAGR](#) [EG](#)

SUBJECT: EGYPTIANS OPEN TO BIOTECH, CRITICIZE BIOFUELS,  
DEFEND RICE EXPORT BAN

REF: A. STATE 52628  
[1](#)B. STATE 53346  
[1](#)C. STATE 53353

Sensitive but unclassified, not for Internet distribution.

[1](#)1. (SBU) SUMMARY: Ministry of Trade and Ministry of Agriculture officials defended the GOE ban on rice exports, criticized USG support of biofuels, and noted the GOE's recent approval of a genetically modified variety of corn as evidence of Egypt's openness to agricultural biotechnology in response to ref tel demarches on the President's Global Food Security Initiative. Officials also noted that President Hosni Mubarak will be traveling with Minister of Agriculture Amin Abaza on June 3 to Rome, where Abaza plans to meet with the US delegation on the margins of the Food and Agricultural Organization's World Food Security conference. We expect these GOE positions to be reflected in a GOE strategy on food security that Mubarak plans to present to the conference. END SUMMARY.

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Biotech  
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[1](#)2. (SBU) Walid el-Nozahay, head of the Ministry of Trade's WTO department, and Fadia Nosseir, head of foreign agricultural relations for the Ministry of Agriculture, both signaled that the GOE will be increasingly open to the use of agricultural biotechnology as a tool to fight hunger (ref B). On March 24, Abaza approved recommendations by the GOE's National Biosafety Committee and Seed Registration Committee to allow for commercialization of a genetically modified variety of biotech corn, marking the first genetically modified crop approved for domestic planting in Egypt. El-Nozahay, noting that the Ministry works with USAID to reform and update its trade laws, said he would consider any USG informal suggestions for improving GOE laws on biotech that are consistent with its obligations under the Cartagena Protocol. Nosseir noted that the MOA is fully supportive of biotechnology but that the Ministry of State for Environmental Affairs had resisted it.

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Rice Export Ban  
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[1](#)3. (SBU) In response to ref C USG concerns about food staple export restrictions, El-Nozahay defended the GOE's ban on rice exports as an emergency measure consistent with the

GOE's WTO obligations and necessary to meet domestic demand at an affordable price. He noted that other countries such as India had instituted similar bans. El-Nozahay said that he understood the ban was undesirable in terms of trade policy, but nevertheless was necessary to respond to domestic political pressure for affordable food. While the ban is temporary, it's unclear how long the GOE will leave it in place, he said. He added that representatives of the EU and Turkey had recently delivered demarches with similar concerns.

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Biofuel criticism  
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¶4. (SBU) El-Nozahay noted GOE concerns that US support for biofuels are contributing to the rising price of food internationally. Mubarak made the same argument in a speech to the World Economic Forum May 18 in Sharm el-Sheikh. In the speech, Mubarak criticized government subsidies to produce ethanol from agricultural produce, calling for international dialogue between energy and food exporters and importers in order to meet international demand for both. According to press accounts, Mubarak will present a strategy at the FAO conference in Rome to address these issues.

¶5. (SBU) Comment: We are encouraged that the GOE appears increasingly open to biotech as a solution to addressing food prices, although we do not expect bureaucratic resistance to fade quickly. Likewise we are encouraged that Mubarak seems to be looking for new solutions to the problem of rising food prices and food security, although we do not know how that will translate into GOE approaches in Doha negotiations on agricultural market access. We do know that GOE concerns

about domestic unrest are well-founded. According to press accounts, an interior ministry official recently sought emergency funding for riot-control equipment in anticipation of riots over rising food prices. Biotech and trade liberalization do not offer immediate relief to this problem, but the current environment does give us an opening to make the case for long-term solutions.

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